

**Before the
Federal Communications Commission
Washington, D.C. 20554**

CC Docket No. 97-21✓

ORDER

Released: October 27, 1999

By the Common Carrier Bureau:

1. The Common Carrier Bureau has under consideration a Letter of Appeal, dated July 26, 1999, by Roaring Spring Community Library (Roaring Spring) seeking review of a decision issued by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC or Administrator). Roaring Spring seeks review of the SLD's decision denying additional reimbursement for discounts for telecommunications services under the schools and libraries universal service support mechanism, as requested by Roaring Spring in its Billed Entity Applicant Reimbursement Form (BEAR form).¹ For the reasons set forth below, we deny the Letter of Appeal and affirm the SLD's decision with respect to the BEAR form and its original funding commitment decision.

2. Under the schools and libraries universal service support mechanism, eligible schools, libraries, and consortia that include eligible schools and libraries, may apply for

¹ Section 54.719(c) of the Commission's rules provides that any person aggrieved by an action taken by a division of the Administrator may seek review from the Commission. 47 C.F.R. § 54.719(c).

discounts for eligible telecommunications services, Internet access, and internal connections.² In order to receive discounts on eligible services, schools must file certain information with the Administrator. Specifically, the Commission's rules require that an applicant submit to the Administrator a completed FCC Form 470, in which the applicant sets forth the school's technological needs and the services for which it seeks discounts.³ Once the school has signed a contract for the eligible services, it must file an FCC Form 471 application to notify the Administrator of the services that have been ordered, the carrier with whom the school has signed the contract, and an estimate of funds needed to cover the discounts to be given for eligible services.⁴ This information is generally provided in Block 5 of FCC Form 471. Under Block 5, an applicant can complete Item 15 for "Shared Services" or Item 16 for "Site Specific Services." Among other information, Item 16 requires the applicant to state the award date, the expiration date of the contract, the service start date, the estimated monthly pre-discount cost, the estimated total annual pre-discount cost, and the percentage discount for which the school is qualified pursuant to the discount matrix. The Administrator then determines the amount of discounts for which the school is eligible. Approval of the application is contingent upon filing of the FCC Form 471, and funding commitment decisions generally are based upon the information provided by the applicant in this form.

3. In its FCC Form 471, dated March 31, 1998, Roaring Spring indicated in Item 16 of Block 5 that it was seeking discounts for telecommunications services from Sprint/United Telephone Company of Pennsylvania (service provider #143001394). The contract period was listed as 01/01/1998 through 12/31/1998. The estimated monthly pre-discount cost was listed as \$97.68; the estimated total annual pre-discount cost was listed as **\$390.72**. Roaring Spring qualified for a 50% discount.

4. By letter dated January 12, 1999, the SLD approved Roaring Spring's request for discounts for services listed in its FCC Form 471. With respect to services provided by Sprint, SLD's Funding Commitment Decision Letter indicated that the estimated total annual pre-discount cost was \$976.80 and the discount percentage approved by SLD was 50%. Thus, Roaring Spring was eligible for a discount totalling \$488.40 for the contract with Sprint,

² 47 C.F.R. §§ 54.402, 54.503.

³ 47 C.F.R. § 54.504(b)(1), (b)(3). In submitting its FCC Form 470, an applicant is required to provide only general information about the services for which it seeks discounts, *e.g.*, number of phones that require service, number of dial-up connections necessary, as well as an assessment of the applicant's existing technology that may be necessary for the effective use of eligible services.

⁴ 47 C.F.R. § 54.504(c).

effective 01/01/1998 through 12/31/1998.⁵

5. Roaring Spring submitted to SLD an FCC Form 472 (the "Billed Entity Applicant Reimbursement Form" or BEAR form), dated July 14, 1999. BEAR forms are typically submitted by applicants seeking reimbursement for services that have commenced prior to receipt of the funding commitment decisions from SLD and for which full payment has been rendered. Roaring Spring sought reimbursement in the amount of \$375.20.⁶

6. In a letter dated July 22, 1999, SLD informed Sprint/United Telephone Company of Pennsylvania (and Roaring Spring in a courtesy copy) that no reimbursements would be made. The letter indicated that the total funding commitment decision was in the amount of \$488.40, and that no payment was due because the total commitment had been paid. In its July 26, 1999 Letter of Appeal to the Commission, Roaring Spring challenges SLD's decision disapproving its BEAR form request.

7. We have carefully reviewed Roaring Spring's application as well as SLD's records relating to this application, and we conclude that SLD properly determined that \$488.40 constituted the entire funding commitment to which Roaring Spring was entitled based on the FCC Form 471 it submitted, and that no reimbursement pursuant to the BEAR form was warranted. Examination of Roaring Spring's FCC Form 471, Block 5, Item 16, reveals that, although the contract term was for one year, Roaring Spring requested funding only for a period of four months. While indicating an estimated monthly pre-discount cost of \$97.68, Roaring Spring calculated its total annual pre-discount cost as \$390.72 (4 x \$97.68). SLD provided for an additional six months of funding, pursuant to the Commission's decision in the *Fifth Order on Reconsideration* to provide funding for a period of 18 months, including the period from January 1, 1998 through June 30, 1999, consistent with the Commission's adoption of a fiscal year cycle.⁷ SLD thus calculated an estimated total annual pre-discount cost of \$976.80 (4 months as requested by Roaring Spring + 6 months extension = 10 months x \$97.68 = \$ 976.68) . Because Roaring Spring was eligible for a 50% discount, the total

⁵ See Letter from Schools and Libraries Corporation to Roaring Spring Community Library, dated January 12, 1999 at 4. See also "Service Provider/Spin Correction Request" dated 1/21/99 (requesting change of the Service Provider Identification Number and Service Provider Name from Altoona Area School District to Sprint).

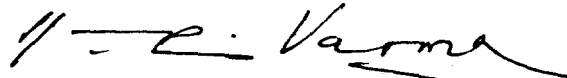
⁶ In order to qualify for reimbursement, the applicant and the service provider must jointly complete the BEAR form. The universal service Administrator remits the reimbursement to the service provider, which in turn remits reimbursement to the applicant no later than 10 days after receipt of the reimbursement payment from the Administrator.

⁷ See *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Fifth Order on Reconsideration and Fourth Report and Order in CC Docket No. 96-45, 13 FCC Rcd 14915 (1998).

funding commitment for which Roaring Spring was eligible was \$488.40. Roaring Spring had already received \$488.40 in discounts prior to filing the BEAR form at issue here. We believe it was incumbent upon Roaring Spring to correctly calculate the estimated total annual pre-discount cost in its FCC Form 471 upon which its discount and ultimate funding was dependent. It was Roaring Spring's own apparent error that caused it to be approved for a smaller discount amount than that to which it may have otherwise been entitled. There is no evidence in SLD's records that Roaring Spring attempted to correct this error at any time, and certainly not during the application review process. In light of these findings, we conclude that SLD correctly denied funding as requested in Roaring Spring's BEAR form.

8. ACCORDINGLY, IT IS ORDERED, pursuant to authority delegated under sections 0.91, 0.291, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 54.722(a), that the appeal filed by Roaring Spring Community Library, dated July 26, 1999, IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION



Yog R. Varma
Deputy Chief, Common Carrier Bureau